PAVCO

SERVICE PLAN 2013/2014 to 2015/2016

BRITISH COLUMBIA

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Message from Board Chair to Minister Responsible

To the Minister of Energy, Mines and Natural Gas:

On behalf of the Board of Directors of B.C. Pavilion Corporation (PavCo), I am pleased to present PavCo's Service Plan for the fiscal years 2013/14 to 2015/16.

PavCo's core business is operating and marketing our two iconic facilities - BC Place Stadium and the Vancouver Convention Centre (Convention Centre). Conventions, trade and consumer shows, entertainment, sporting and other events generate significant economic benefits to British Columbia, and also contribute to the overall well-being of the community.

This Service Plan summarizes PavCo's goals and priorities to enable us to continue to be successful. For the three-year planning period, PavCo`s major focus will be to build upon our existing business through targeted marketing activities, generate new business, and reduce our operating costs. In this way PavCo plans to minimize our reliance on government financial support.

Over the past year construction activities at BC Place have essentially been completed, and our focus has switched from development to operations and marketing. Management has reviewed and reduced overall spending where possible while maintaining marketing budgets, not compromising customer service levels, and maintaining our facilities to ensure they retain their reputation as world-class venues. Several of our directors have retired and new appointments have been made. The new Board includes a team that has considerable marketing expertise and also brings operations insight to the organization.

For fiscal 2014, PavCo will focus on strong marketing campaigns with continued emphasis on innovation in how we provide service excellence to our clients, so that we may retain our reputation as owners and operators of leading edge international venues.

PavCo has exceptional facilities. The refurbished BC Place has been operational for over a year and has received numerous industry and consumer accolades as a major entertainment and sporting venue. In addition to vastly improved aesthetics and comfort, the sound quality at recent concerts has surpassed expectations and dramatically enhanced the facility`s reputation as a top-class venue for major artists. Following its success from hosting the Vancouver 2010 Winter Olympic and Paralympic Games, PavCo will continue to aggressively solicit new and returning events to fill BC Place.

The Vancouver Convention Centre continues to receive international acclaim. The past year, the Convention Centre was honoured with the prestigious Professional Convention Management Association's Spirit Award and a Meetings Industry Marketing Award. These awards complement other international accolades earned by the Convention Centre in recent years, including the International Association of Venue Managers 2011 Venue Excellence Award and the International Association of Congress Centres' 2011 Innovation Award.

Although the effects of the economic downturn continue to be a concern for future business, the Vancouver Convention Centre has shown remarkable resilience in its ability to attract worldwide events. The Convention Centre continues to fill its booking calendar despite significant competition from other major event facilities.

PavCo's challenge and opportunity is to now determine how to most effectively utilize our iconic facilities. There are a number of factors that continue to present challenges, including client access from outside of British Columbia, the possibility of a slower than expected economic recovery, and a growing trend in other jurisdictions to provide incentives to attract events.

PavCo has revisited and revised our strategic goals and measures to reflect our new corporate business focus. The forecasts in the Service Plan have been prepared using our existing business as a starting point. We have made reasonable assumptions with respect to new business based on previous experience and facility capacity.

PavCo will work with various stakeholders to develop surplus stadium lands which will boost BC Place's standing as an entertainment centre and generate revenues to reduce its funding requirements and meet debt obligations.

The 2013/14 - 2015/16 PavCo Service Plan was prepared under my direction in accordance with the *Budget Transparency and Accountability Act* and the BC Reporting Principles. The plan is consistent with government's strategic priorities and fiscal plan. I am accountable for the contents of the plan, including what has been included in the plan and how it has been reported.

All significant assumptions, policy decisions, events and identified risks, as of January 4, 2013 have been considered in preparing the plan. The performance measures presented are consistent with PavCo's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of PavCo's operating environment, forecast conditions, risk assessment and past performance.

I look forward to working with the Minister, Board and PavCo management over the next year as the organization builds its business and fulfills its mandate.

H. Peter Fassbender
Board Chair

Organizational Overview

B.C. Pavilion Corporation (PavCo) has developed a reputation for excellence in the management and marketing of public facilities. Its facilities are geared to generate economic benefit to British Columbia while optimizing its own financial performance. PavCo owns and operates BC Place Stadium (BC Place) and the Vancouver Convention Centre (Convention Centre) West building expansion. PavCo also operates the East building of the Convention Centre under a lease with Canada Place Corporation, a wholly owned subsidiary of Port Metro Vancouver. Both facilities are located in downtown Vancouver.

PavCo's mandate is to generate economic and community benefit for the people of British Columbia through prudent management of public facilities.

PavCo contributes significantly to the growth of the tourism industry. Our venues attract both British Columbia and out of province guests to events, many of whom spend tourist dollars in Vancouver, but also throughout British Columbia as they visit our province prior to and after attending events at our facilities. The Convention Centre is the provincial flagship for conventions, exhibitions and major meetings and is a catalyst to generate spin-off business throughout the province. BC Place is the largest indoor gathering place in British Columbia and in addition to being the foremost sports and entertainment centre the facility provides support to industry as a venue for trade and consumer shows.

PavCo's vision is to be the global leader in outstanding venues and events.

Principal stakeholders of PavCo include: the Government of Canada and Tourism Vancouver as contributing partners to the expanded Convention Centre; businesses and associations representing the tourism and hospitality industry; clients renting space for events; suppliers of goods and services, all attendees to events and the general public who enjoy visiting the facilities.

PavCo's values are: Quality and Service; Respect, Fairness and Honest Communication; Financial Responsibility; Creativity and Innovation; Enthusiasm; Environmental Responsibility, and Integrity.

B.C. Pavilion Corporation was formed under the British Columbia *Business Corporations Act*, and acts as an agent for the government under the *British Columbia Enterprise Corporation Act*. B.C. Pavilion Corporation registered PavCo as a business name under the B.C. *Partnership Act* on September 23, 1999.

Additional information on PavCo can be found on its website at http://www.bcpavco.com/.

Government's Letter of Expectations

PavCo's sole Shareholder is the Province of British Columbia. The most recent *Government Letter of Expectations*, which outlines the respective roles and responsibilities of PavCo and the Shareholder to achieve the corporate mandate, includes specific Directives and Actions as outlined below.

Directive	Action Response
Report back on the Corporation's sales and marketing program for the expanded Vancouver Convention Centre, including performance measures and targets to monitor the success of the program and that support the tripling of non-resident delegate days by 2015.	During the next year, Management will work with the Board to redefine the Vancouver Convention Centre Marketing Plan and its supporting performance measures, to ensure that it is appropriate for current and anticipated market conditions.
Take the lead on marketing the Vancouver Convention Centre to the international marketplace. In addition, PavCo will act as a resource in the development of strategy and marketing initiatives for regional British Columbia conference centres.	PavCo works in conjunction with tourism and hospitality industry representatives to ensure consistent marketing strategies and activities. This includes developing a presence in key international markets. PavCo's new Board of Directors has increased representation from British Columbia's regions and tourism businesses. During the year, PavCo will work collaboratively with regional British Columbia conference centres to formalize plans to assist in their marketing initiatives.
Report back on marketing plans for the revitalized stadium that support increasing attendance and economic benefits.	Management continues to work with the Board and the stadium tenants to redefine the BC Place Marketing Plan and develop supporting performance measures to ensure it is appropriate for anticipated market conditions.
Continue to explore options and maximize private sector revenue for the public facilities owned/managed by the Corporation, and minimize reliance on government funding.	PavCo will work with its stakeholders to increase revenues from corporate sponsorship and advertising sources. PavCo will proceed to maximize the value from its developable lands at BC Place.
Contribute to the BC Provincial Government's climate action objectives and comply with the requirement to be carbon neutral in accordance with the *Greenhouse Gas Reduction Targets Act*.	PavCo has met the requirement to be carbon neutral. PavCo implemented government's SMARTTOOL program to track and report on the company's greenhouse gas emissions. The Vancouver Convention Centre West has been built to LEED platinum standards and continues to seek new ways to improve its practices to reduce greenhouse gas emissions. PavCo will continue to improve its recycling and energy savings plans to further reduce energy use and waste sent to landfills.

The complete version of the *Government's Letter of Expectations* can be found at http://www.bcpavco.com/resources

PavCo's Operating Segments

Vancouver Convention Centre

Located on Vancouver's waterfront with a dramatic mountain backdrop, the Convention Centre offers one of the most beautiful settings in the world as well as convenient access to all major visitor amenities in the downtown core. The Convention Centre features two connected buildings – the iconic East building and the stunning West building expansion. With a combined total of 471,000 ft^2 (43,800 m^2) of flexible function space, the facility is able to host multiple, simultaneous events as well as large single events with upwards of 15,000 delegates.

The first-ever repeat winner of the International Association of Congress Centres' (AIPC) award for "World's Best Convention Centre" (2002, 2008), the Convention Centre is British Columbia's premier meeting and convention facility with a growing positive global reputation. The past year, the Convention Centre continued to garner international industry recognition, earning the prestigious Professional Convention Management Association's Spirit Award and a Meetings Industry Marketing Award.

Building on its success in attracting overseas and North American conventions to British Columbia, fiscal 2014 is shaping up to be another strong year. Highlights of major upcoming conventions include the Society of Nuclear Medicine and Molecular Imaging's Annual Meeting in June 2013 with an estimated 6,550 delegates; the Al-Anon's Fifth International Convention in July 2013 with an estimated 4,500 delegates; and the Annual Meeting of the American Academy of Otolaryngology-Head and Neck Surgery in October 2013 with an estimated 9,500 delegates. The Convention Centre will also welcome a diverse range of other events in fiscal 2014, including consumer and trade shows, meetings, banquets and special events. Additional business will continue to be booked throughout the year to maximize space utilization.

"I'm extremely pleased with this year's meeting and consider it our most successful ever. Attendance was higher than it's ever been, and the feedback from our faculty and attendees was overwhelmingly positive. Convention Centre staff were very responsive, friendly and professional. They met all of our needs and sometimes even before we realized it was going to be a need."

Kerry Crockett , Executive Director, United States & Canadian Academy of Pathology's 101st Annual Meeting, March 2012

Global competition to secure major conventions continues to be intense as event organizers and delegates generate significant economic activity in a host city and province prior, during and after the events. While non-resident association conventions are booked up to 10 years in advance of the events taking place, corporate conventions, which have seen a rebound in recent years, have a shorter booking window of less than two years.

The Convention Centre is engaged in an extensive, sales and marketing campaign designed to maximize business opportunities and optimize the facility's utilization for fiscal 2014 and into the future. Strategies include the following:

- Increasing the profile of the Convention Centre's brand in the international marketplace enhancing the Convention Centre product to differentiate itself from its competition.
- Continuing to develop global market opportunities
- Actively targeting groups that could hold citywide conventions in off-peak business periods
- Cultivating new markets and new types of events to infill with high yield short-term business including the Asia market and corporate meetings
- Collaborating with regional tourism partners to market Vancouver as a tourism destination
- Supporting pre- and post- event activities for delegates to benefit the region's tourism markets

Further information on the Convention Centre may be found at www.vancouverconventioncentre.com

BC Place

BC Place is a year-round multipurpose venue located in the heart of Vancouver's entertainment district and hosts British Columbia's largest and most spectacular events. The stadium features 54,500 seats and 235,000 ft^2 of exhibit space. BC Place is busy with operations approximately 250 days each year.

Every year, BC Place welcomes more than 1 million guests - from hometown supporters in Vancouver to guests from around the world. BC Place contributes to the social, cultural and economic fabric of the entire Province of British Columbia.

The renovated BC Place re-opened on September 30, 2011 to exceptional reviews, international media attention and industry accolades across North America. Hosting the province's most popular live events, BC Place has quickly become the premiere stadium in Canada and a symbol for both Vancouver and the province.

BC Place is home to two of British Columbia's major sports teams – the Vancouver Whitecaps FC, and the BC Lions football team.

The Vancouver Whitecaps' second season attracted more than 19,000 guests on average per home match including several sellouts in BC Place's soccer configuration. Season-ticket sales for 2013 have been strong, and 2013 will also bring opportunities for the Whitecaps to host a European club team at BC Place.

The BC Lions will return to BC Place for their 60th season in the CFL. Grey Cup winners in 2011, the BC Lions continue to achieve considerable success following a 2012 run where they made the Western Final playoffs. Fan and brand loyalty with the team and Lions merchandise continues to be high and the BC Lions are working closely with BC place on a number of attendance building initiatives for 2013. In addition, BC Place will continue its commitment to community football, hosting the BC High School Football Championships following the CFL season. Through PavCo's sports development initiative, BC Place is in discussion with a number of national and provincial sport organizations to expand and build long-term opportunities to host professional, amateur and community sporting events.

"This place is amazing. There's some magic here for us. When our defence is out there, it's so loud, you can't hear yourself think. It's so important: as an offence, when we play away, it's just so tough to deal with all that. Our fans are huge for us, and we definitely have the magic in this building."

BC Lions Running Back Andrew Harris in Globe and Mail November 4, 2012

BC Place hosted its first major concert since the renovations when Roger Waters presented his legendary show "THE WALL" in May 2012 followed by Paul McCartney performing his sold out "ON THE RUN" show in November. Each show delivered an unforgettable experience that exceeded the expectations of fans. The success of these shows, and upgraded acoustical treatments and sound system, has renewed interest in BC Place as a desirable concert tour venue for the live entertainment industry. Taylor Swift's "RED" Tour concert scheduled for June 29, 2013 was sold out more than six months in advance. BC Place will continue to actively pursue world-class live entertainment shows across North America through active participation in the Soccer Stadium Alliance – a collaborative of North American stadiums that provides significant opportunities to access and attract the biggest and best shows in the live entertainment industry.

BC Place anticipates the special events sector to provide significant opportunity for growth in 2013. Management has focused on an array of multicultural events, including the Year of the Snake Expo, plus a number of special events yet to be announced. Each event will bring a diverse background of additional attendees to BC Place, broadening the reach of the venue beyond sporting events, concerts and consumer shows. BC Place will continue to host long-standing events such as the Vancouver Sun Run, Monster Jam and PlayDome in addition to a variety of community events.

"From the stands, the sound was punchy and crisp, with minimal distortion. You have to hand it to both McCartney's and BC Place's sound techs, this was a great-sounding gig."

Francois Marchand – Vancouver Sun

The Confederation of North, Central American and Caribbean Association Football (CONCACAF) Women's Olympic Qualifying Tournament at BC Place in January 2012 set new records for attendance at CONCAFAC tournaments, with over 25,000 fans at the final match between Canada and the United States, and more than 96.000 fans over the 11-day, eight-country tournament. The success of Olympic Women's Qualifying Soccer at BC Place has helped position the stadium as a primary venue for the Fédération Internationale de Football Association (FIFA) Women's World Cup in 2015. In December, BC Place hosted the live television broadcast event for the unveiling of the Canada 2015 FIFA Women's World Cup emblem. As the premier soccer stadium in Canada, BC Place will continue to develop strong relationships with the Canadian Soccer Association and FIFA.

BC Place will again host its long-term consumer show tenants, the BC Home and Garden Show, Vancouver Home and Design Show, Vancouver International Boat Show and EAT! Vancouver. Attracting hundreds of thousands of guests per year, these shows provide a unique opportunity for British Columbia businesses to connect with new customers and generate additional business.

BC Place is quickly proving its functionality and versatility in the live events industry, expanding the range of events that are attracted to the venue. The stadium continues to develop new clients from the international sport, consumer show, live music, and entertainment sectors, as well as film and television productions, banquets, and other special events. Further, BC Place will continue to function as a regional gathering place in the event of a major disaster.

"...the quality is great...of the sound, visually stunning, you just forget how massive BC Place really is..."

Thor Diakow, Breakfast Television, City-TV

Beyond hosting the province's greatest events, BC Place is raising its profile and making meaningful contributions to the regional community. The Northern Lights roof display will continue to be actively utilized in the promotion and support of community minded initiatives, awareness days and charitable causes that positively impact people across BC and around the world.

Further information on BC Place may be found at www.bcplace.com.

Corporate Governance

PavCo reports to the Minister of Energy, Mines and Natural Gas and is governed by an independent twelve-member Board of Directors appointed by the Shareholder.

The Board of Directors provides leadership and direction to the Corporation in a manner consistent with the policies and directives of the Government of British Columbia as outlined in the annual *Government's Letter of Expectations*. PavCo's Board of Directors acts in accordance with the *Best Practice Guidelines - Governance and Disclosure Guidelines for Governing Boards of BC Public Sector Organizations* published by the Board Resourcing and Development Office and can be found at www.fin.gov.bc.ca/brdo/governance/corporateguidelines.pdf.

PavCo's Board members and standing committees are as follows:

Board/Committee		Members	Board/Committee Role
Board of Directors	Chair: Directors:	H. Peter Fassbender Suzanne Anton Michael J. Ballingall Theresa Breining Robert J Bryant David W. Guscott John A. Horning Alan Lowe Terrence A. Lyons Stuart McLaughlin Frank W. Palmer Don Zurowski	Ensure the Board and management operate in good faith, in compliance with regulatory and legal requirements, and to the highest ethical and moral standards. Individual biographies of the Board Chair and Directors are found at http://www.bcpavco.com/team
Audit and Finance	Chair: Members:	Terrence A. Lyons John A. Horning Alan Lowe Stuart McLaughlin Don Zurowski	Monitor financial policies, reporting, conflicts of interest, financial budgets, forecasts, risk management, and other related matters. Oversee the financial reporting process. Review financial statements, audit plans, reports, and controls with Auditors.
Corporate Governance	Chair: Members:	John A. Horning Suzanne Anton David W. Guscott Terrence A. Lyons	Monitor governance, Board effectiveness, staffing, compensation issues, and the implementation of all structural changes to the organization.
Marketing & Communications	Chair: Members:	Robert J. Bryant Michael J. Ballingall Theresa Breining Frank Palmer	Monitor and advise on effective external communications policies and protocol for the organization. Provide overall direction and development of the sales and marketing process for the organization.

Corporate Governance (cont.)

The Board of Directors meets approximately four times a year, and the Committees meet as needed. All Committees review and develop policy in their specified areas and make recommendations to the Board.

PavCo has published a comprehensive charter of Board activities (outlined in the document *Board Governance Guidelines),* as well as several terms of reference and policies in accordance with the Province's Board Resourcing and Development Office's *Best Practices Guidelines.* These can be found on PavCo's website at www.bcpavco.com/resources.

The Executive Team

PavCo is led by a team of executives and management with extensive experience in their respective areas of business:

Corporate Office

• Dana Hayden	Interim President and Chief Executive Officer[1]
• John Harding	Chief Financial Officer and Corporate Secretary[1]
• Kim Campbell	Director of Finance[1]

Vancouver Convention Centre

• Ken Cretney	General Manager[1]
• Craig Lehto	Assistant General Manager
• Claire Smith, CMP	Vice-President, Sales and Marketing
• Rand Mackenzie	Director, Facility Operations

BC Place Stadium

• Howard Crosley	General Manager[1]
• Kathy deLisser	Assistant General Manager
• Brian Griffin	Director, Facility Operations
• Graham Ramsay	Director, Business Development
• Mike McFaul	Director, Engineering and Maintenance

[1] *Corporation Officers*

Strategic Context

Internal Operating Environment

During fiscal 2013, the Corporate focus has transitioned from development to marketing and operations. In 2012 the former Chief Executive Officer retired as did several directors. The new Board includes a team that has considerable marketing expertise and also brings operations insight to the organization. Management will work with the Board over the next year to refine the corporate operating and marketing plans.

PavCo's budgets have been prepared recognizing that the Government of British Columbia is committed to balancing the budget in Fiscal 2014. In order to meet PavCo's target financial results, Management has performed a review if its facilities' overall costs and reduced its forecast spending estimates. These cost reductions will not impact service levels to our clients.

Economic, Industry and Social Factors Affecting Performance

PavCo Operations and the Global Economy

Situation

Overbuilding of convention and sporting facilities in many jurisdictions has increased competition for business, especially during the times of economic downturn. Business cycles in the USA in particular, have a significant impact on the number of out-of-country attendees to the Convention Centre.

Discussion

The convention, meetings and sporting event business is a significant generator of economic benefits to British Columbia. Visitors to PavCo's facilities from out-of- province bring new money to the region resulting in increased direct and indirect employment in the province.

Many cities are providing significant incentives to event planners to entice them to hold events at their centres.

Major conventions are generally booked several years in advance. As a result, global economic fluctuations impact business for extended periods well into the future.

Increased global awareness with respect to sustainability initiatives and environmental impacts is now a major competitive factor in attracting and retaining business. PavCo needs to continually show leadership in sustainable practices and environmental awareness.

In order to compete successfully for new business, PavCo needs to market its facilities and British Columbia as compelling destinations that are superior to the competition.

Action

PavCo will aggressively pursue business that brings and retains economic activity in the province including: international and national conventions and association meetings, major sporting events, film shoots and major concerts.

PavCo's sales and marketing strategies will include the promotion of the Convention Centre expansion as a Leadership in Energy and Environmental Design (LEED) Platinum facility and to highlight its environmental sustainability programs that allow it to hold sustainable events.

The revitalization of BC Place has brought its infrastructure up to standards that surpass most other North American stadiums in technological and multimedia capabilities. The stadium now offers greater comfort, event layouts and flexibility as well as enhanced acoustic and temperature control capabilities. It is an attractive, all season venue.

PavCo is updating its marketing plans for the Convention Centre and BC Place to attract traditional business streams as well as other high margin arts, culture and sporting events. PavCo is aggressively pursuing these event types through working with its industry partners and contacts, and is bidding on events past 2020 in order to provide long-term stability to its operations.

The Impact of BC Place on its Community

Situation

BC Place is British Columbia's major place of assembly attracting more than 1 million guests to Vancouver's downtown core per annum. BC Place is cognizant that the nature of the live events and advertising business has an impact on the surrounding neighbourhoods with crowds, celebrations, noise and traffic congestion.

Discussion

BC Place is located in the designated Entertainment District of Vancouver, however significant construction due to the redevelopment of the False Creek area over the past few decades has resulted in the stadium now being located in an increasingly residential area.

In order to continue operating successfully, BC Place needs to manage its relationships with neighbours and conduct business as a community-minded corporate citizen while ensuring the facility fulfills its role as a world-class entertainment venue.

Action

PavCo will manage its operations and the development of surrounding sites in the context of City of Vancouver neighbourhood plans.

PavCo will manage its relationship with the City of Vancouver to ensure noise impact is minimized, while continuing to ensure long term business goals of BC Place are achieved.

BC Place will engage with the surrounding neighbourhood to minimize the impact of noise and event-related disruption.

Risks and Opportunities

Risks and Opportunities	Potential Impact	PavCo's Plans to Address Impacts
Lower than anticipated event activity/attendance – moderate risk	- Lower economic benefit generated to British Columbia - Lower profitability and increased reliance on government funding	- Working with our industry stakeholders to bring new events to British Columbia - Working with BC place tenants – Whitecaps FC and BC Lion's to increase attendance - Developing new marketing plans with our new Board - Continuing emphasis on sports marketing programs - Co-promotion of concerts and first time events

Operational Capacity

Vancouver Convention Centre and BC Place are the two largest event facilities in British Columbia. Marketing campaigns are targeted to maximize occupancy of these facilities. Due to the seasonality of much of PavCo's business, PavCo uses its own staff as well as official suppliers to provide service to its clients.

Vancouver Convention Centre's target market is events that draw from outside of Metro Vancouver and was built to complement the capacity of local hotels and service providers. The regional accommodation infrastructure is sufficient to supply this need. BC Place serves the regional market and has the capacity to host the largest events - those with more than 54,000 spectators. Both facilities are close to transportation hubs, hotels and hospitality providers.

In order to optimize capacity to host all of its major events, PavCo will pursue its Strategic Goals for: Service Excellence (Goal 2); Marketing and Sales (Goal 3); Leading Edge Facilities (Goal 4); Being an Employer of Choice (Goal 5).

Goals, Key Strategies, Performance Measures and Targets

Strategic Goals

PavCo has the following strategic goals:

- Optimize corporate profit and create economic benefits
- Provide exceptional customer service
- Engage our stakeholders and industry partners to increase cooperative efforts to bring events to our facilities and to British Columbia
- Maintain leading edge venue quality standards
- Be an employer of choice

The performance measures used to evaluate PavCo's strategic goals (by facility) are similar in nature but also reflect the different types of business generated by each facility.

	Goal	Strategies	Measures	Applicable Facility	
				Convention Centre	BC Place
1	Optimize corporate profit and create economic benefits	- Increase Corporate profit - Create economic benefits	(1) Economic impact from spending from events	✓	✓
			(2) Measure Delegate Days and Attendance	✓	
			(3) Corporate operating deficit before government contributions	✓	✓
2	Provide exceptional customer service	- Ensure event planning and operations are client-centric - Provide an exceptional service culture - Ensure PavCo and its suppliers' staff provide seamless, superior service	(1) Client satisfaction	✓	✓
			(2) Guest satisfaction		✓
3	Engage our stakeholders and industry partners to increase cooperative efforts to bring events to our facilities and to British Columbia	- Develop and grow collaborative business relationships	(1) Events occurring at our facilities that we secured in partnership with our stakeholders	✓	✓
4	Maintain leading edge venue quality standards	- Establish venue quality standards and benchmark against similar venues - Ensure staff and service providers are appropriately trained and equipped to help PavCo to achieve and surpass	(1) Achievement against Venue Operational Standards	✓	✓

	Goal	Strategies	Measures	Applicable Facility	
				Convention Centre	BC Place
		the benchmark quality standards			
5	Be an employer of choice	- Provide clarity around goals, objectives and values of PavCo - Support employee diversity and develop a flexible workplace culture - Continue to support staff development in required skill areas, building capacity and motivation to achieve our strategic goals	(1) Employee retention (2) Employee engagement	✓	✓ ✓

GOAL 1
OPTIMIZE CORPORATE PROFIT AND CREATE ECONOMIC BENEFITS

We strive to generate economic and community benefits for the people of British Columbia, through the prudent management of public facilities. The events held at our facilities support British Columbia's business and leisure tourism industries, as well as its trade development infrastructure. Our clients and guests from out-of-province fill hotel rooms, patronize British Columbia businesses, consume goods and services provided by BC based businesses and participate in pre-and post-event activities throughout the province.

PavCo also strives to meet its financial targets each year to ensure financial sustainability and to minimize its reliance on Shareholder funding. Client expectations and price-competition from other venues create downward pressure on revenues, while facility operations and external challenges create upward pressure on costs.

Key Strategies

Improve the return to the Shareholder on its investment in PavCo's facilities, primarily through the following:

- Creating a compelling vision and model for marketing the Convention Centre and BC Place
- Seeking events that will generate the maximum amount of economic benefits to our community
- Seeking and creating high-profile events that will promote growth and support for British Columbia's business development
- Pursuing global markets for long-term growth
- Diversifying markets to stabilize long term business
- Repositioning our facilities to be more flexible for users
- Increasing operational efficiencies

Strategic Goals (cont.)

Performance Measures and Targets

Create Economic Benefit - Economic benefit is calculated based on surveys and estimates of expenditures by organizers and visitors at events in our facilities.

Reporting of economic benefits for Vancouver Convention Centre was prepared by Ipsos Loyalty. For fiscal 2012, total benefits from events that drew out-of-British Columbian delegates/attendees and exhibitors was estimated at $698 million. The benefits were calculated using methodology derived from the BC Stats Input-Output model. Attendance data was from PavCo's records, and spending data was compiled by Ipsos Loyalty through surveys with clients and guests. Based on these surveys, it was determined that on average an event attendee spent $398 per day in 2011. Only surveyable events were included, and did not include banquets, meetings and special events. Most of the attendance from non-surveyed events is from within Metro Vancouver.

BC Place contributes towards province-wide economic activity. The facility provides a venue for entertainment, cultural and business activity that would not otherwise take place in British Columbia. The Economic Planning Group prepares the economic benefit reports for BC Place. For fiscal 2012, in which six months of event activity took place after the Stadium re-opened, total benefits generated by stadium patrons from out-of-province was estimated to be $23 million. This benefit was calculated using methodology derived from the BC Stats Input-Output model, and by using expenditure estimates based upon attendance, event and revenue records. Overnight per diem spending estimates were based on a 2004 Tourism Vancouver survey, updated using CPI annual changes.

Projections for fiscal 2013 and subsequent years have been prepared by PavCo management based on anticipated attendance and activity at the facilities.

Increased non-resident delegate days at the Convention Centre - As the economic benefit generated by non-resident delegates represents 'new' money coming into British Columbia, this is an important performance indicator for the Convention Centre. Non-resident delegate days (NRDDs) are the sum of the product of the number of non- British Columbia delegates and the number of days each spends at events hosted at the Convention Centre. Non-resident delegate attendance projections were developed in conjunction with HLT Advisory Inc. (Toronto). PavCo also measures the total number of visitors to Vancouver Convention Centre from outside of the Greater Vancouver Regional District.

Increased Attendance at BC Place - Increased attendance levels at BC Place drives higher sales of stadium services, including food and beverage sales. As the number of patrons and events increase, the facility becomes more attractive to corporate sponsors to purchase interior signage and exclusive supply rights. Attendance for fiscal 2012 was the total reported by show managers. Projections for fiscal 2013 and future years are derived from the events already on BC Place's books and a forecast of future events that are expected to occur.

Compare the Corporate operating deficit - This compares PavCo's financial performance from year to year, and its reliance on government support. It is the total deficit of the Corporation before receipt of Government funding.

Strategic Goals (cont.)

Performance Measure	Actual 2011/12	Forecast 2012/13	Targets 2013/14	2014/15	2015/16
Impact from out-of province (non-resident) attendance					
Economic impact at BC Place from spending by visitors from outside of British Columbia ($ millions)[1]	$ 23	$ 25	$ 25	$ 29	$ 35
Economic impact at Vancouver Convention Centre from spending by visitors from outside of British Columbia ($ millions) [2]	$ xxx	$ xxx	$ xxx	$ xxx	$ xxx
Delegate days to Vancouver Convention Centre by visitors from outside of British Columbia (thousands)[3]	535	352	425	450	450
Impact from all performance					
Economic impact at BC Place from all spending ($ millions)[1]	$ 71	$ 116	$ 115	$ 125	$ 136
Economic impact at Vancouver Convention Centre from all spending from outside Greater Vancouver Regional District ($ millions) [2]	$ xxx	$ xxx	$ xxx	$ xxx	$ xxx
Delegate days for all visitors outside Greater Vancouver Regional District to Vancouver Convention Centre (thousands) [3]	674	453	531	562	562
Total attendance at BC Place events (thousands)[4]	646	1,245	1,140	1,178	1,285
Corporate operating deficit before government contributions ($ millions)[5]	$14.130	$27.880	$26.046	$10.252	$23.034

Note: The figures for 'Economic impact at Vancouver Convention Centre from spending by visitors from outside of British Columbia' and for 'Economic impact at Vancouver Convention Centre from all spending from outside Greater Vancouver Regional District' were not available at the time of publication.

[1] Economic impact at BC Place is a sum of direct, indirect and induced spending by non-BC residents at events.

[2] Economic impact at Vancouver Convention Centre is a sum of direct, indirect and induced spending by non-BC residents at events. For fiscal 2012 it is based on spending patterns collected by IPSOS Loyalty and delegate numbers provided by Vancouver Convention Centre run through the BC Stats Input-Output model. Projections for fiscal 2013 and future years are based on estimates by PavCo management.

[3] Delegate days for attendees at Vancouver Convention Centre for fiscal 2012 were actual days recorded in PavCo's event management system. Delegate days for fiscal 2013 and onwards are based on confirmed bookings in the event management system, tentative bookings and an estimate of future bookings based on previous attendance statistics.

[4] Attendance at BC Place is the total of announced attendance by show managers for attendance at their events.

[5] The Corporate operating deficit before government contributions is the sum of: sales revenues, other revenues and deferred contributions, less total expenses. The deficit for fiscal 2015 is reduced as a result of planned proceeds from the disposition of surplus lands at BC Place.

Strategic Goals (cont.)

GOAL 2
PROVIDE EXCEPTIONAL CUSTOMER SERVICE

Increasing client and guest satisfaction will not only elevate PavCo's reputation as an organization capable of attracting and producing world-class events, it will also drive future attendance levels and attract new clients. This will further enable us to achieve our first goal of maximizing economic and community benefits in British Columbia.

Key Strategies

- Ensure event planning and operations are client-centric
- Provide an exceptional service culture
- Ensure PavCo and its suppliers' staff provide seamless, superior service

Performance Measures and Targets

Service Quality Survey Scores - Surveys are conducted with clients and guests to determine their satisfaction levels and expectations. The event business is very competitive and attendee satisfaction is critical. Negative experiences can lead to clients failing to return or not recommending our facilities to other potential clients, or to guests choosing not to attend future events at the facilities.

Service Quality and Customer Satisfaction

Performance Measure	Actual 2011/12	Forecast 2012/13	Targets 2013/14	2014/15	2015/16
Service Quality – -Loyalty Index Convention Centre[1]	9.0/10	9.0/10	9.0/10	9.2/10	9.2/10
-Client satisfaction BC Place [2]	N/A	Surveys and scoring criteria are under development for this measure			
Service Quality – Guest satisfaction BC Place [3]	N/A	Surveys and scoring criteria are under development for this measure			

[1] At Vancouver Convention Centre a Client Loyalty Index is used to measure service quality. This combines overall satisfaction with the clients' likelihood to rebook and recommend the facility. The survey which is sent to selected clierts includes questions on: overall satisfaction, value for price, building and amenities, proud to hold events at the Centre and trust in the Centre. Results are combined to determine an overall Loyalty Index that is measured as a score out of 10.

[2] BC Place was closed for half of fiscal 2012, so client service quality was not measured for the year. A comprehensive on-line Client Satisfaction survey has been developed and will be sent to all clients who have held events from January 1, 2013 onwards. Data from the surveys will measure client experience from the time of booking, up to preparation of the final billing for the event. Scores will be from a total out of 10. As the measure is new, forecasts and targets are under development. Results for the first year of polling will provide the baseline against which future results will be compared.

[3] Guest satisfaction is a new measure at BC Place. It will be measured through customer intercept and online surveys. As the measure is new, forecasts and targets are under development. Criteria for this performance measure are being established in fiscal 2013.

Strategic Goals (cont.)

GOAL 3

ENGAGE OUR STAKEHOLDERS AND INDUSTRY PARTNERS TO INCREASE COOPERATIVE EFFORTS TO BRING EVENTS TO OUR FACILITIES AND TO BRITISH COLUMBIA

The business that comes from PavCo's facilities generates enormous economic impact to British Columbia through hotel occupancy; clients' use of services and supplies; and attendees travelling to areas of British Columbia beyond Vancouver before and following events. Many owners and operators of businesses benefit from our activities and it is to everyone's benefit to grow our business. In order to obtain the best return on investment, it is also financially beneficial for PavCo and others who benefit from attendance at our facilities to participate in cooperative marketing or co-promotion programs to boost British Columbia's attractiveness as an excellent place for business and tourism.

Key Strategy

- Develop and grow collaborative business relationships

Performance Measure and Targets

Events occurring at our facilities that we secured in partnership with our stakeholders. Through measuring the number of events that are attracted cooperatively with our various stakeholders and partners, we can evaluate our success in working collaboratively to build event activity at our facilities and throughout British Columbia.

At the Vancouver Convention Centre, this number comprises city-wide conventions and major special events that are secured in partnership, especially with Tourism Vancouver, the Vancouver Hotel Destination Association and the Canadian Tourism Commission. At BC Place, this number also includes events for which PavCo is a co-promoter.

	Actual	Forecast	Targets		
Performance Measure	**2011/12**	**2012/13**	**2013/14**	**2014/15**	**2015/16**
Number of events that are attracted or implemented in cooperation with stakeholders [1]					
-Vancouver Convention Centre	28	22	25	28	30
-BC Place	2	5	6	7	7

[1] This represents major events expected to occur during the year that were booked with the assistance of, or referred to us through stakeholders. Data for the source of event referrals is kept in the booking files.

Strategic Goals (cont.)

GOAL 4
MAINTAIN LEADING EDGE VENUE QUALITY STANDARDS

PavCo has completed its construction and major renovation programs and now operates two of the finest event facilities in North America. Through the advanced technical capabilities of these facilities and as a result of our exceptional sales efforts and customer service standards, PavCo has been able to retain and attract new business throughout the recent economic downturn.

Among its association memberships, PavCo belongs to the International Association of Venue Managers (IAVM), International Association of Congress Centres (AIPC) and the Building Owners Management Association (BOMA). Members of these associations are owners and operators of major international public facilities and commercial buildings. Members convene to improve building quality and service standards in their buildings.

The Vancouver Convention Centre's West building was constructed to LEED Platinum Certification standards, and in 2011 also achieved the AIPC Quality Standards certification in the gold level. This measures standards in 10 key areas, including Customer Service, Quality of Facilities and Operations, Employee Relations, Health, Safety, Security and Emergency Response, Financial Integrity, Community Relations, Environmental Responsibility, Industry Relations and Supplier Relations.

BC Place reopened in 2011 with a new infrastructure that greatly improves life safety and guest experience and reduces energy waste. Standards to maintain the new facility and ensure maximum performance operability of the new infrastructure form part of the stadium's maintenance and capital program.

In addition to meeting its own targets for quality standards, PavCo's facilities will also meet best industry practices for operational and venue management standards.

Key Strategies

- Determine best practices, processes and quality standards for operations of similar venues. Identify targets against these standards for PavCo's facilities to achieve
- Ensure staff and service providers are appropriately trained and equipped to help PavCo achieve and surpass the benchmark quality standards

Strategic Goals (cont.)

Performance Measure and Targets

Achievement of Quality standards

Performance Measure	Actual 2011/12	Forecast 2012/13	Targets 2013/14	2014/15	2015/16
Achievement of operational standards at our facilities [1]		Quality standards and scoring criteria are under development for this measure			
- Vancouver Convention Centre	N/A				
- BC Place	N/A				

[1] As the measure is new, forecasts and targets are under development. During the final quarter of fiscal 2013, PavCo will determine quality standards against which it will measure its targets, and will use these standards as a baseline against which to measure its performance in fiscal 2014 and future years. It will also compare its results against benchmarks set throughout the event management industry.

GOAL 5
BE AN EMPLOYER OF CHOICE

PavCo strives to attract and retain high quality employees and through them provide exceptional service to our guests. Extensive research has shown that engaged and satisfied employees are more committed to their work and the objectives of their employers. They are also more likely to continue to work for their employer. Engaged employees will provide PavCo's clients with excellent service, and assist us to deliver excellent services, and generate new business and also retain existing clients.

We will monitor employee satisfaction, staff development and the rate of staff retention.

Key Strategies

- Provide clarity around goals, objectives and values of PavCo
- Support employee diversity and develop a flexible workplace culture
- Continue to support staff development in required skill areas, building capacity and motivation to achieve our strategic goals

Performance Measures and Targets

Employee Retention – Our facilities are home to many professionally trained and skilled employees. During recent years, construction activity at our facilities has resulted in closures and disruption to event schedules. It is critical to retain as many staff as possible, given that the cost of recruiting is considerable. While turnover of event staff is higher at BC Place as the result of the cyclical nature of the stadium's major spectator events, it has a higher retention rate than North American event and entertainment industry average of 73% (*Source: SHRM Human Capital Benchmarking Database 2011*).

Strategic Goals (cont.)

Employee Engagement –Engaged employees have opportunities to express their interests, provide feedback to their employees and as a result enhance their job satisfaction. Vancouver Convention Centre conducts bi-annual employee surveys. BC Place will develop employee surveys and commence polling in fiscal 2014.

Performance Measure	Actual 2011/12	Forecast 2012/13	Targets 2013/14	2014/15	2015/16
Employee involvement - retention of all staff at BC Place [1]	N/A	80%	82%	85%	85%
Employee engagement - score on employee surveys BC Place[2]	N/A	Employee surveys and scoring criteria are under development for this measure at BC Place			
- score on employee surveys Vancouver Convention Centre[3]	4.3/5	4.4/5	4.4/5	4.4/5	4.4/5

[1] Employee retention at BC Place was not measured in fiscal 2011 or fiscal 2012, as the event staff were not working regularly during the facility closure. It was previously measured in fiscal 2010 when there was a retention rate of 83%. Staff retention is measured by taking the number of all full and part time staff (union and exempt) at the start of the year, adding all new hires during the year to get the total number of staff employed during any part of the year. A staff count is performed at the end of the current year and divided by the number of staff employed during any part of the year to get the retention percentage. New part time hires who attend an orientation but do not return for work are excluded from the calculation.

[2] Employee surveying has not been undertaken regularly at BC Place. As the measure is new, forecasts and targets are under development. New surveys will be prepared and polling of employees will commence in fiscal 2014. The baseline will be set in fiscal 2014 and we will seek to improve from this baseline in subsequent years.

[3] All full-time and part-time employees at Vancouver Convention Centre are invited to participate in employee surveys that measure employee ratings on: communication and direction, management effectiveness, commitment to results, job satisfaction, treatment respect and balance, organizational satisfaction and commitment, retention and development, familiarity with Vancouver Convention Centre's purpose values and service standards, and job security remuneration and job benefits. Where possible, normative scores were included in this report for benchmarking purposes. The normative scores are taken from Synovate's National Workplace Survey which was conducted online in May 2008 with 840 English speaking employees who work at least 30 hours a week. The purpose of these normative scores is to provide Vancouver Convention Centre with a broad indicator of how its employees compare against other Canadian employees. The Vancouver Convention Centre is performing strongly on employee engagement, with most key metrics either meeting or exceeding the national norms. The overall Convention Centre Employee Engagement Index currently stands at 4.3 out of 5 – well ahead of the industry benchmark of 3.8.

Changes to Goals and Performance Measures Since Publication of the February 2012 Service Plan

Goal / Measure February 2012	Revised Goal / Measure	Reason for Change
Goal 1 –Maximize revenues and economic growth	**Goal 1 –Optimize corporate profit and create economic benefits**	In addition or maximizing revenues, PavCo is seeking to reduce operating costs where possible, to optimize profit. This will reduce PavCo's reliance on Government funding.
-Economic benefits generated	-Economic impact from spending from events, from outside of British Columbia and from outside of the Greater Vancouver Regional District	The new measures differentiate between the total economic impact of PavCo's facilities from business generated from outside of the Province of British Columbia, and also the impact of the facilities from outside of the Greater Vancouver Regional District
-Measure non-resident delegate days at Vancouver Convention Centre	-Measure non-resident delegate days at Vancouver Convention Centre, and also total delegate days from outside of the Greater Vancouver Regional District	This has been changed to measure non-resident delegate days from outside of British Columbia, and also the number of attendees from outside of the Greater Vancouver Regional District
-Total attendance at BC Place	-Total attendance at BC Place	This measure is unchanged
N/A	-Corporate operating deficit before government contributions	This new measure will compare PavCo's financial performance from year to year, and its reliance on government support
Goal 2 – Maintain and increase client services and satisfaction	**Goal 2 – Provide exceptional customer service**	PavCo's facilities compete against others that provide major incentives to event organizers in order to attract their business. With all major construction activity complete, PavCo will provide exceptional service that will encourage clients to book events at and return to our facilities
- Client satisfaction, service quality levels at facilities	-Client satisfaction, service quality levels at facilities	This measure is unchanged, but new guest surveys will be implemented at BC Place.
N/A	-Guest satisfaction at BC Place	A significant portion of BC Place revenue is derived from the sale of food and services to guests at BC Place. Surveys will be conducted with guests to measure their satisfaction, and results will be used to improve our services
- Facility occupancy (days) at BC Place	-Discontinued	Occupancy days were a measure used to indicate success of BC Place. Goal 1 measures will now replace this, and provide a more accurate indication of the benefit of activities at BC Place.

Changes to Goals and Performance Measures Since Publication of the February 2012 Service Plan (cont.)

Goal / Measure February 2012	Revised Goal / Measure	Reason for Change
	Goal 3 – Engage our stakeholders and industry partners to increase cooperative efforts to bring events to our facilities and to British Columbia	In order to optimize the use of our marketing budgets and those of our partners, PavCo will reach out to its business partners to cooperatively increase occupancy at its facilities
	-Events occurring at our facilities that we secured in partnership with our stakeholders	By measuring the number of major events booked as a result of cooperative work with our major stakeholders and co-promoters, we can evaluate the success we have in working with our stakeholders to attract business to our venues that also benefits them
Goal 3 - Maintain and improve PavCo Facilities	**Goal 4 – Maintain leading edge venue quality standards**	This reflects the transition from an organization going through construction activity to operations and competing with other similar venues
-Achieve capital work milestones	-Discontinued	Major capital projects at Vancouver Convention Centre and BC Place are now complete
	-Achievement against Venue Operational Standards	-Quality standards can be developed, and PavCo's venue performance measured against benchmarks for other similar facilities. Results will be will be reviewed in order to take actions to improve quality
Goal 4 – Increase innovation, learning and growth	**Goal 5 - Be an employer of choice**	The goal has been revised in order to reflect the importance of employee engagement and its influence on the achievement of PavCo's overall business objectives
-Measure retention of event staff at BC Place	-Measure retention of all staff at BC Place	-This measure has been broadened from measurement of the event staff retention to retention of all staff
	-Measure employee engagement	-Implementation of annual surveys at the two event facilities that will measure employees' satisfaction and their opinions on operations to facilitate improvement in PavCo as an employer.

Capital Plan & Major Capital Projects

Each facility has capital plans which provide for ongoing major maintenance and sustaining capital expenditures that will maintain the facilities to the expectations of their users.

BC Place

In October 2009, following changes to project scope and design, Cabinet approved an increase to the total capital budget for the BC Place roof replacement and upgrade project from $365 million to a maximum of $563 million inclusive of interior renovations, major maintenance, structural upgrades, and new fixtures and equipment. The project completed on schedule at a cost of $514 million, which was $49 million less than its final approved budget, and consisted of the following elements (in $millions):

Scope		Budget	Actual Cost
Phase 1 Interior Renovations		$ 55.00	$54.11
Deferred Maintenance		40.00	40.00
Stadium Retrofit:			
Phase 1 Structural Upgrades	25.00		22.70
Upgrades & Retractable Roof	433.00	458.00	388.62
Furniture, Fixtures, and Equipment		10.00	8.69
Total		**$563.00**	**$514.12**

The capital plan to sustain BC Place includes: roof maintenance; continuing electrical, mechanical and plumbing upgrades; new event equipment and furniture; and technology upgrades.

Vancouver Convention Centre

The Vancouver Convention Centre capital plan consists of: interior refurbishments; furniture and equipment renewals and upgrades; building systems and technology upgrades; sustainability enhancements; and capital requirements for upgrades to the East building which is operated under a lease with Canada Place Corporation.

Capital Plan and Major Capital Projects – (cont.)

Capital Plans (in $ millions)

Scope of Work	Actual 2011/12	Forecast 2012/13	2013/14	Targets 2014/15	2015/16
BC Place	$ 2.111	$ 1.000	$ 15.800[1]	$ 3.800	$ 4.000
Vancouver Convention Centre	1.920	5.717	4.000	4.000	4.000
Corporate Services	0	0.020	0.020	0.020	0.020
Total Capital Plan	$ 4.031	$ 6.737	$ 19.820	$ 7.820	$ 8.020

[1] Capital Projects for fiscal 2014 include $12.0 million for the construction of infrastructure on BC Place lands.

Major Capital Project Expenditures (in $ millions)

Scope of Work	Actual 2011/12	Forecast 2012/13	2013/14	Targets 2014/15	2015/16
BC Place Revitalization Project [1]	$ 195.111	$ 7.710	$ 0	$ 0	$ 0

[1]The BC Place revitalization project was substantially complete for the facility reopening in September 2011. Some works continued through spring 2012 to wrap up the project.

Summary Financial Outlook

Financial Forecast

Five-Year Financial Comparison for Operations (in $ millions) - PavCo Consolidated

	Fiscal 11/12 Actual	Fiscal 12/13 Forecast	Fiscal 13/14 Budget	Fiscal 2014/15 Budget	Fiscal 2015/16 Budget
Revenues					
- Sales	52.480	51.120	56.360	57.882	59.528
- Other revenues [1]	30.978	0.350	0.100	15.020	1.020
- Amortization contributions [2]					
Sustaining	15.604	14.484	8.977	8.992	8.972
Deferred	34.859	42.567	42.569	42.198	41.807
Total revenues	133.921	108.521	108.006	124.092	111.327
Expenses					
- Cost of sales	27.314	26.626	28.292	29.359	30.107
- Staffing	15.526	16.264	15.920	16.175	16.395
- Operating	14.707	15.789	15.247	15.042	15.141
- General and administration	4.941	4.884	4.490	4.240	4.067
- Business development [3]	2.421	4.357	1.779	2.261	1.850
- Fees	2.857	2.868	2.403	2.034	2.066
- Redevelopment [4]	25.001	2.000	0.500	0.250	0.250
- Loan interest	0	0	7.314	7.231	7.144
- Amortization [5]	39.680	49.129	49.131	48.760	48.369
Total Expenses	132.447	121.917	125.075	125.352	125.389
Net Income (deficit) after Government subsidy	1.474	(13.396)	(17.069)	(1.260)	(14.062)
Debt	150.000	150.000	148.322	146.561	144.712
Retained earnings (operating deficiency)	27.813	14.417	(2.652)	(3.912)	(17.974)
Major capital expenditures [6]	195.111	7.710	12.000	0	0
Annual sustaining capital work	4.031	5.020	7.820	7.820	8.020

[1] Other revenues include the sale of rights at BC Place in fiscal 2012, and an estimate for the proceeds of the disposition of lands in fiscal 2015.

[2] These contributions, provided by the Ministry of Energy, Mines and Natural Gas, include amounts to cover the cost of operations and the renewal of capital assets. Sustaining contributions are applied towards the cost of PavCo's operations. Contributions for capital assets are amortized over the lifespan of the assets.

[3] Business development expense for fiscal 2013 includes a cost of $2.7 million to secure rights to host an event in 2014.

[4] Redevelopment costs include the cost of sale of rights at BC Place, and the costs of Empire Field rental in fiscal 2012.

[5] Amortization has increased in fiscal 2013 following renovations to BC Place.

[6] Major capital expenditures include approved capital projects of over $50 million, plus other major capital projects. For fiscal 2012 and fiscal 2013, the majority of this was for revitalization of BC Place. For fiscal 2014 this is for construction of infrastructure on BC Place lands.

Financial Forecast (cont.)

Key Assumptions

- The core business units are the Vancouver Convention Centre and BC Place.
- Revenue estimates are based on current bookings and expected pick-up business. These estimates could change if there are world events during the period that impact business travel and tourism. Estimates will be monitored and adapted as conditions change.
- The forecasts were prepared following a review of PavCo's operating costs. This included: implementing a hiring freeze except for critical operating positions; a salary freeze for management and executive; restriction of discretionary travel; and limits on office and business expenses. In addition, PavCo has undertaken an operating cost review to reduce its operating costs by a targeted 9%. Service levels to our clients and guests will not be impacted by these expenditure adjustments.
-

Forecast Risks and Sensitivities

- Fluctuations in the value of the Canadian dollar against other currencies could affect the amount of out-of-country business attracted to PavCo's facilities.
- Fuel costs are a major component of facility operating costs. Rising fuel costs and cold winter weather can significantly add to costs during the winter months.
-

Future Financial Outlook

- PavCo has essentially completed major construction activities and the focus is now concentrating on marketing its two iconic facilities –the Vancouver Convention Centre and BC Place.
- PavCo recognizes that global economic conditions are volatile and are anticipated to continue to be uncertain in the future. In response, PavCo is implementing new marketing strategies designed to leverage the outstanding reputations and the operational capabilities both facilities possess.
- The Vancouver Convention Centre continues to receive international acclaim and awards for excellence. Continued emphasis on and awareness of service excellence standards will be used in marketing campaigns to attract international business types that generate significant economic impact. Marketing efforts will also be taken to diversify the types of events held to optimize capacity.
- The revitalized B.C. Place is beginning to reap the benefits of its retrofit. Superb acoustics and improved technology have contributed to hugely successful concerts in the last few months. B.C. Place has received accolades from industry and event attendees alike and aggressive marketing strategies are being implemented to build on this momentum. In addition to major sporting and entertainment events there will be an increased focus on attracting special events that showcase the versatility of the stadium.
- PavCo is implementing a significant cost reduction program that while reducing costs does not hamper marketing activities and does not impair maintenance
- PavCo is continuing to pursue development of surplus lands and increase advertising revenues to reduce reliance on government contributions.

Vancouver Convention Centre

Five-Year Financial Comparison for Operations (in $ millions)

	Fiscal 11/12 Actual	Fiscal 12/13 Forecast	Fiscal 13/14 Budget	Fiscal 2014/15 Budget	Fiscal 2015/16 Budget
Revenues					
- Sales	45.185	38.521	43.925	45.341	46.202
- Amortization of deferred contributions	21.376	21.212	21.213	21.320	21.428
Total revenues	66.561	59.733	65.138	66.661	67.630
Expenses					
- Cost of sales	24.205	20.358	22.847	23.783	24.259
- Staffing	7.568	7.772	7.679	7.833	7.911
- Operating	9.964	9.889	9.479	9.658	9.851
- General and administration	3.053	2.738	2.613	2.320	2.113
- Business development	0.852	1.096	1.006	1.026	1.046
- Fees	0.987	0.922	0.613	0.625	0.637
- Corporate cost recoveries	0.761	1.138	1.073	0.894	0.894
- Amortization	21.526	21.512	21.513	21.620	21.728
Total Expenses	68.916	65.425	66.823	67.759	68.439
Net Income (deficit) before Government contributions	(2.355)	(5.691)	(1.685)	(1.098)	(0.809)
Annual sustaining capital work	1.920	4.000	4.000	4.000	4.000

BC Place Stadium

Five-Year Financial Comparison for Operations (in $ millions)

	Fiscal 11/12 Actual	Fiscal 12/13 Forecast	Fiscal 13/14 Budget	Fiscal 2014/15 Budget	Fiscal 2015/16 Budget
Revenues					
- Sales [1]	7.295	12.599	12.435	12.541	13.326
- Other revenues [2]	30.325	0	0	15.000	1.000
- Contribution for Grey Cup [3]	0	2.700	0	0	0
- Amortization of deferred contributions	13.438	21.326	21.336	20.858	20.359
Total revenues	51.058	36.625	33.771	48.399	34.685
Expenses					
- Cost of sales	3.109	6.268	5.445	5.576	5.848
- Staffing	6.517	7.066	6.951	7.090	7.232
- Operating	4.743	5.901	5.768	5.384	5.290
- General and administration	1.543	1.791	1.744	1.787	1.821
- Business development [4]	1.532	3.252	0.767	1.229	0.798
- Fees	1.563	1.110	0.973	0.992	1.012
- Redevelopment [5]	25.001	2.000	0.500	0.250	0.250
- Corporate cost recoveries	0.761	1.138	1.073	0.894	0.894
- Loan interest	0	0	7.314	7.231	7.144
- Amortization [6]	18.109	27.588	27.598	27.120	26.621
Total Expenses	62.878	56.114	58.133	57.553	56.910
Net Income (deficit) before Government contributions	(11.820)	(19.489)	(24.362)	(9.154)	(22.225)
Major construction projects [7]	195.111	7.710	12.000	0	0
Annual sustaining capital work	2.111	1.000	3.800	3.800	4.000

[1] Operating revenues for fiscal 2012 were lower due to closure for 6 months due to the facility renovation.
[2] Other revenues for fiscal 2012 include the sale of rights. Other revenues for fiscal 2015 include the projected proceeds from the sale of lands.
[3] Fiscal 2013 revenues include a government contribution to assist in securing an event in 2014.
[4] Business development expense for fiscal 2013 includes a cost of $2.7 million to secure rights to host an event in 2014.
[5] Fiscal 2012 redevelopment costs include the costs of rental and maintaining the temporary sports stadium at Empire Field, and the cost of the sale of rights.
[6] Amortization increased in fiscal 2013 following reopening of the renovated stadium.
[7] Includes approved capital projects of over $50 million, plus other major capital projects.

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BRITISH COLUMBIA

PAVCO